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SPITZER PROPOSED AMENDMENT #2

AZ CORP COMMISSION
DOCUMENT CONTROLTIME/DATE PREPARED March 22, 2005COMPANY: ARIZONA PUBLIC SERVICE AGENDA ITEM NO. U-1DOCKET NO. E-01345A-03-0437OPEN MEETING: DATE: March 24, 2005

Arizona Corporation Commission

DOCKETED

MAR 22 2005

Page 21 line 3

DELETE:

"However, there are no demand response programs included, and given the response by APS customers to last summer's outages as discussed by Commissioner Hatch-Miller,³¹ it is clear that when proper signals are given, customers will respond by reducing their demand."

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"However, we are concerned that our approval of the Settlement Agreement and Exhibit B may result in stakeholders focusing too narrowly when attempting to comply with the DSM goals of this order. Particularly, we note that there are no demand response programs included in Exhibit B. Given the response by APS' customers to last summer's outage as discussed by Commissioner Hatch-Miller,³¹ it is clear that when proper signals are given, customers will respond by reducing their demand."

We also think it is clear that the traditional demand response programs that define "off peak" hours as between 9:00 p.m. to 9:00 a.m. are ineffective in creating an incentive to residential ratepayers to shift their electricity consumption to "off peak" hours. Common sense indicates that a substantial number of ratepayers cannot or are not able to take advantage of such programs as 9:00 p.m. is an unrealistic time to commence the "off peak" period because most ratepayers are either asleep or preparing to sleep at that time.³² Further, the start time begins many hours after the actual peak has subsided. Finally, the inconvenience of a 9:00 p.m. start time assures that the demand response to "off peak" hours and programs is miscalculated. Therefore, in an effort to immediately address demand response programs, we have determined that a 7:00 p.m. to 9:00 a.m. "off peak" schedule should be applied to APS' residential time of use rates, including the Time Advantage and Combined Advantage Plans.

³¹ See discussion TR. Pp. 1384-1394.

³² We do not need a study, workshop or to evaluate the proposed test demand programs to convince us regarding residential demand programs in this matter.

SPITZER PROPOSED AMENDMENT #2

Page 2

Page 27 Line 23

INSERT after examines:

“other”

Page 27 line 25

DELETE:

“The Settlement Agreement adopts APS’ proposed experimental time-of-use periods for ET-1 and ECT-1R.”